

**TAX INCENTIVE REVIEW AMENDMENTS**

2017 GENERAL SESSION

STATE OF UTAH

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**LONG TITLE****General Description:**

This bill amends provisions related to the sharing of tax information between the State Tax Commission and legislative staff offices and requires a study related to sales and use tax exemptions.

**Highlighted Provisions:**

This bill:

- ▶ addresses what tax information the State Tax Commission can provide to a legislative staff office;
- ▶ requires the State Tax Commission and Office of the Legislative Fiscal Analyst to conduct a study and report findings on establishing a methodology for estimating state revenue losses due to sales and use tax exemptions; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a repeal date.

**Utah Code Sections Affected:**

AMENDS:

**59-1-403**, as last amended by Laws of Utah 2015, Chapters 411 and 451

**Uncodified Material Affected:**

ENACTS UNCODIFIED MATERIAL

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **59-1-403** is amended to read:

**59-1-403. Confidentiality -- Exceptions -- Penalty -- Application to property tax.**

(1) (a) Any of the following may not divulge or make known in any manner any information gained by that person from any return filed with the commission:

- 33 (i) a tax commissioner;
- 34 (ii) an agent, clerk, or other officer or employee of the commission; or
- 35 (iii) a representative, agent, clerk, or other officer or employee of any county, city, or
- 36 town.
- 37 (b) An official charged with the custody of a return filed with the commission is not
- 38 required to produce the return or evidence of anything contained in the return in any action or
- 39 proceeding in any court, except:
- 40 (i) in accordance with judicial order;
- 41 (ii) on behalf of the commission in any action or proceeding under:
- 42 (A) this title; or
- 43 (B) other law under which persons are required to file returns with the commission;
- 44 (iii) on behalf of the commission in any action or proceeding to which the commission
- 45 is a party; or
- 46 (iv) on behalf of any party to any action or proceeding under this title if the report or
- 47 facts shown by the return are directly involved in the action or proceeding.
- 48 (c) Notwithstanding Subsection (1)(b), a court may require the production of, and may
- 49 admit in evidence, any portion of a return or of the facts shown by the return, as are specifically
- 50 pertinent to the action or proceeding.
- 51 (2) This section does not prohibit:
- 52 (a) a person or that person's duly authorized representative from receiving a copy of
- 53 any return or report filed in connection with that person's own tax;
- 54 (b) the publication of statistics as long as the statistics are classified to prevent the
- 55 identification of particular reports or returns; and
- 56 (c) the inspection by the attorney general or other legal representative of the state of the
- 57 report or return of any taxpayer:
- 58 (i) who brings action to set aside or review a tax based on the report or return;
- 59 (ii) against whom an action or proceeding is contemplated or has been instituted under
- 60 this title; or
- 61 (iii) against whom the state has an unsatisfied money judgment.
- 62 (3) (a) Notwithstanding Subsection (1) and for purposes of administration, the
- 63 commission may by rule, made in accordance with Title 63G, Chapter 3, Utah Administrative

64 Rulemaking Act, provide for a reciprocal exchange of information with:

65 (i) the United States Internal Revenue Service; or

66 (ii) the revenue service of any other state.

67 (b) Notwithstanding Subsection (1) and for all taxes except individual income tax and  
68 corporate franchise tax, the commission may by rule, made in accordance with Title 63G,  
69 Chapter 3, Utah Administrative Rulemaking Act, share information gathered from returns and  
70 other written statements with the federal government, any other state, any of the political  
71 subdivisions of another state, or any political subdivision of this state, except as limited by  
72 Sections 59-12-209 and 59-12-210, if the political subdivision, other state, or the federal  
73 government grant substantially similar privileges to this state.

74 (c) Notwithstanding Subsection (1) and for all taxes except individual income tax and  
75 corporate franchise tax, the commission may by rule, in accordance with Title 63G, Chapter 3,  
76 Utah Administrative Rulemaking Act, provide for the issuance of information concerning the  
77 identity and other information of taxpayers who have failed to file tax returns or to pay any tax  
78 due.

79 (d) Notwithstanding Subsection (1), the commission shall provide to the director of the  
80 Division of Environmental Response and Remediation, as defined in Section 19-6-402, as  
81 requested by the director of the Division of Environmental Response and Remediation, any  
82 records, returns, or other information filed with the commission under Chapter 13, Motor and  
83 Special Fuel Tax Act, or Section 19-6-410.5 regarding the environmental assurance program  
84 participation fee.

85 (e) Notwithstanding Subsection (1), at the request of any person the commission shall  
86 provide that person sales and purchase volume data reported to the commission on a report,  
87 return, or other information filed with the commission under:

88 (i) Chapter 13, Part 2, Motor Fuel; or

89 (ii) Chapter 13, Part 4, Aviation Fuel.

90 (f) Notwithstanding Subsection (1), upon request from a tobacco product manufacturer,  
91 as defined in Section 59-22-202, the commission shall report to the manufacturer:

92 (i) the quantity of cigarettes, as defined in Section 59-22-202, produced by the  
93 manufacturer and reported to the commission for the previous calendar year under Section  
94 59-14-407; and

95 (ii) the quantity of cigarettes, as defined in Section 59-22-202, produced by the  
96 manufacturer for which a tax refund was granted during the previous calendar year under  
97 Section 59-14-401 and reported to the commission under Subsection 59-14-401(1)(a)(v).

98 (g) Notwithstanding Subsection (1), the commission shall notify manufacturers,  
99 distributors, wholesalers, and retail dealers of a tobacco product manufacturer that is prohibited  
100 from selling cigarettes to consumers within the state under Subsection 59-14-210(2).

101 (h) Notwithstanding Subsection (1), the commission may:

102 (i) provide to the Division of Consumer Protection within the Department of  
103 Commerce and the attorney general data:

104 (A) reported to the commission under Section 59-14-212; or

105 (B) related to a violation under Section 59-14-211; and

106 (ii) upon request, provide to any person data reported to the commission under  
107 Subsections 59-14-212(1)(a) through (c) and Subsection 59-14-212(1)(g).

108 (i) Notwithstanding Subsection (1), the commission shall, at the request of a committee  
109 of the Legislature, the Office of the Legislative Fiscal Analyst, or the Governor's Office of  
110 Management and Budget, provide to the committee or office the total amount of revenues  
111 collected by the commission under Chapter 24, Radioactive Waste Facility Tax Act, for the  
112 time period specified by the committee or office.

113 (j) Notwithstanding Subsection (1), the commission shall make the directory required  
114 by Section 59-14-603 available for public inspection.

115 (k) Notwithstanding Subsection (1), the commission may share information with  
116 federal, state, or local agencies as provided in Subsection 59-14-606(3).

117 (l) (i) Notwithstanding Subsection (1), the commission shall provide the Office of  
118 Recovery Services within the Department of Human Services any relevant information  
119 obtained from a return filed under Chapter 10, Individual Income Tax Act, regarding a taxpayer  
120 who has become obligated to the Office of Recovery Services.

121 (ii) The information described in Subsection (3)(l)(i) may be provided by the Office of  
122 Recovery Services to any other state's child support collection agency involved in enforcing  
123 that support obligation.

124 (m) (i) Notwithstanding Subsection (1), upon request from the state court  
125 administrator, the commission shall provide to the state court administrator, the name, address,

126 telephone number, county of residence, and Social Security number on resident returns filed  
127 under Chapter 10, Individual Income Tax Act.

128 (ii) The state court administrator may use the information described in Subsection  
129 (3)(m)(i) only as a source list for the master jury list described in Section 78B-1-106.

130 (n) Notwithstanding Subsection (1), the commission shall at the request of a  
131 committee, commission, or task force of the Legislature provide to the committee, commission,  
132 or task force of the Legislature any information relating to a tax imposed under Chapter 9,  
133 Taxation of Admitted Insurers, relating to the study required by Section 59-9-101.

134 (o) (i) As used in this Subsection (3)(o) ~~["office"]~~:

135 (A) "Income tax information" means information gained by the commission that is  
136 required to be attached to or included in a return filed with the commission under Chapter 7,  
137 Corporate Franchise and Income Taxes, or Chapter 10, Individual Income Tax Act.

138 (B) "Office" means the ~~[(A)]~~ Office of the Legislative Fiscal Analyst ~~;~~ or ~~[(B)]~~ the  
139 Office of Legislative Research and General Counsel.

140 (C) "Other tax information" means information gained by the commission that is  
141 required to be attached to or included in a return filed with the commission except for a return  
142 filed under Chapter 7, Corporate Franchise and Income Taxes, or Chapter 10, Individual  
143 Income Tax Act.

144 (D) "Tax information" means income tax information or other tax information.

145 (ii) (A) Notwithstanding Subsection (1) and except as provided in Subsection  
146 (3)(o) ~~[(iii)]~~ (ii)(B) or (C), the commission shall at the request of an office provide to the office  
147 all income tax information ~~;~~.

148 ~~[(A) gained by the commission; and]~~

149 ~~[(B) required to be attached to or included in returns filed with the commission.]~~

150 ~~[(iii) (A) An]~~ (B) For purposes of a request for income tax information made under  
151 Subsection (3)(o)(ii)(A), an office may not request and the commission may not provide to an  
152 office a person's ~~;~~ address, name, social security number, or taxpayer identification number.

153 ~~[(I) address;]~~

154 ~~[(H) name;]~~

155 ~~[(HH) Social Security number; or]~~

156 ~~[(IV) taxpayer identification number.]~~

157 ~~[(B) The]~~ (C) In providing income tax information to an office, the commission shall  
 158 in all instances protect the privacy of a person as required by Subsection (3)(o)~~[(iii)(A)]~~(ii)(B).

159 (iii) (A) Notwithstanding Subsection (1) and except as provided in Subsection  
 160 (3)(o)(iii)(B), the commission shall at the request of an office provide to the office other tax  
 161 information.

162 (B) Before providing other tax information to an office, the commission shall redact or  
 163 remove any name, address, social security number, or taxpayer identification number.

164 (iv) An office may provide tax information received from the commission in  
 165 accordance with this Subsection (3)(o) only:

166 (A) as~~[-]~~ a fiscal estimate, fiscal note information, or statistical information; and  
 167 ~~[(F) a fiscal estimate;]~~

168 ~~[(H) fiscal note information; or]~~

169 ~~[(HH) statistical information; and]~~

170 (B) if the tax information is classified to prevent the identification of a particular  
 171 return.

172 (v) (A) A person may not request tax information from an office under Title 63G,  
 173 Chapter 2, Government Records Access and Management Act, or this section, if that office  
 174 received the tax information from the commission in accordance with this Subsection (3)(o).

175 (B) An office may not provide to a person that requests tax information in accordance  
 176 with Subsection (3)(o)(v)(A) any tax information other than the tax information the office  
 177 provides in accordance with Subsection (3)(o)(iv).

178 (p) Notwithstanding Subsection (1), the commission may provide to the governing  
 179 board of the agreement or a taxing official of another state, the District of Columbia, the United  
 180 States, or a territory of the United States:

181 (i) the following relating to an agreement sales and use tax:

182 (A) information contained in a return filed with the commission;

183 (B) information contained in a report filed with the commission;

184 (C) a schedule related to Subsection (3)(p)(i)(A) or (B); or

185 (D) a document filed with the commission; or

186 (ii) a report of an audit or investigation made with respect to an agreement sales and  
 187 use tax.

188 (q) Notwithstanding Subsection (1), the commission may provide information  
189 concerning a taxpayer's state income tax return or state income tax withholding information to  
190 the Driver License Division if the Driver License Division:

191 (i) requests the information; and

192 (ii) provides the commission with a signed release form from the taxpayer allowing the  
193 Driver License Division access to the information.

194 (r) Notwithstanding Subsection (1), the commission shall provide to the Utah  
195 Communications Authority, or a division of the Utah Communications Authority, the  
196 information requested by the authority under Sections 63H-7a-302, 63H-7a-402, and  
197 63H-7a-502.

198 (s) Notwithstanding Subsection (1), the commission shall provide to the Utah  
199 Educational Savings Plan information related to a resident or nonresident individual's  
200 contribution to a Utah Educational Savings Plan account as designated on the resident or  
201 nonresident's individual income tax return as provided under Section 59-10-1313.

202 (t) Notwithstanding Subsection (1), for the purpose of verifying eligibility under  
203 Sections 26-18-2.5 and 26-40-105, the commission shall provide an eligibility worker with the  
204 Department of Health or its designee with the adjusted gross income of an individual if:

205 (i) an eligibility worker with the Department of Health or its designee requests the  
206 information from the commission; and

207 (ii) the eligibility worker has complied with the identity verification and consent  
208 provisions of Sections 26-18-2.5 and 26-40-105.

209 (u) Notwithstanding Subsection (1), the commission may provide to a county, as  
210 determined by the commission, information declared on an individual income tax return in  
211 accordance with Section 59-10-103.1 that relates to eligibility to claim a residential exemption  
212 authorized under Section 59-2-103.

213 (4) (a) Each report and return shall be preserved for at least three years.

214 (b) After the three-year period provided in Subsection (4)(a) the commission may  
215 destroy a report or return.

216 (5) (a) Any person who violates this section is guilty of a class A misdemeanor.

217 (b) If the person described in Subsection (5)(a) is an officer or employee of the state,  
218 the person shall be dismissed from office and be disqualified from holding public office in this

219 state for a period of five years thereafter.

220 (c) Notwithstanding Subsection (5)(a) or (b), an office that requests information in  
221 accordance with Subsection (3)(o)(iii) or a person that requests information in accordance with  
222 Subsection (3)(o)(v):

223 (i) is not guilty of a class A misdemeanor; and

224 (ii) is not subject to:

225 (A) dismissal from office in accordance with Subsection (5)(b); or

226 (B) disqualification from holding public office in accordance with Subsection (5)(b).

227 (6) Except as provided in Section 59-1-404, this part does not apply to the property tax.

228 **Section 2. Sales tax exemption study.**

229 (1) The Utah State Tax Commission, in consultation with the Office of the Legislative  
230 Fiscal Analyst, shall study, prepare a report, and make recommendations on establishing a  
231 methodology for estimating state revenue losses due to sales and use tax exemptions under  
232 Section 59-12-104.

233 (2) The Utah State Tax Commission and Office of the Legislative Fiscal Analyst shall  
234 present the findings of the report, including recommendations, to the Revenue and Taxation  
235 Interim Committee before November 30, 2017.

236 **Section 3. Repeal date.**

237 Uncodified Section 2, Sales tax exemption study, is repealed on November 30, 2017.